

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Hope Township	County Barry
Fiscal Year End 3-31-07	Opinion Date 6-22-07	Date Audit Report Submitted to State 8-21-07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

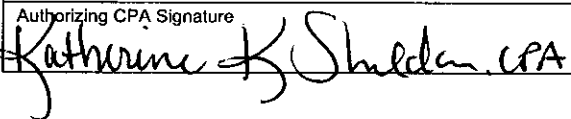
YES NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>	N/A		
Other (Describe)	<input checked="" type="checkbox"/>	SAS 112 Letter		
Certified Public Accountant (Firm Name) Walker, Fluke & Sheldon, PLC		Telephone Number 269-945-9452		
Street Address 525 W Apple St		City Hastings	State MI	Zip 49058
Authorizing CPA Signature 		Printed Name Katherine K Sheldon		License Number 1101023575

**HOPE TOWNSHIP**  
**FINANCIAL STATEMENTS**  
For the year ended March 31, 2007

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**INDEPENDENT AUDITORS' REPORT**

To the Township Board  
Hope Township  
Barry County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hope Township, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township's financial statements as listed in the table of contents. These financial statements are the responsibility of Hope Township, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of Hope Township, Michigan, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis and required supplementary information list in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Hope Township's basic financial statements. The additional supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Hope Township, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Hastings, Michigan  
June 22, 2007

*Walker, Fluke & Sheldon, PC*

## Hope Township Management Discussion and Analysis

As the Township Board of Hope Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Hope Township for the fiscal years ended March 31, 2007 and 2006. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Township. We encourage readers to consider this information in conjunction with the letter of transmittal, which begins on page 1, and the financial statements, which begin on page 7.

### Financial Highlights

- The assets of Hope Township exceeded its liabilities at the close of the most recent fiscal year by \$2,151,335 (net assets) compared to \$1,885,382 last year. Of this amount, \$1,303,535 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$265,953 compared to an increase of \$40,703 last year.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,595,505; an increase of \$303,679 compared to an ending fund balance of \$1,291,827 a decrease of 40,212 from the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$153,170, or 42.72% of total general fund expenditures. Last year the unreserved fund balance for the general fund was \$169,829 or 49.04% of total general fund expenditures. This demonstrates the Township's fiscal discipline and places the Township in a strong financial position to meet unexpected emergencies, uncertainties at the State level or the general slowdown of the economy.

### Overview of the Financial Statements

Hope Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., state shared revenue).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, highways and streets, recreation and cultural and health and welfare.

The government-wide financial statements can be found on pages 7-8 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Hope Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: government funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the

government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Hope Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Fire Fund, Cemetery Fund, Wall Lake Sewer Fund, Wall Lake Weed Control 2, Cloverdale-Long Lake Sewer Fund and the Capital Projects Fund, which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 9-13 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs.

The fiduciary fund financial statements can be found on pages 14-15 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 16-25 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Township adopts an annual budget for its general fund, road fund, fire fund, cemetery fund, building inspection fund, budget stabilization fund and capital projects fund. Within the required supplementary information, a budget comparison statement has been provided for the general, road, fire and cemetery funds to demonstrate compliance with the budget.

Required supplementary information can be found on pages 26-30 of this report.

Individual fund statements and schedules are presented immediately following the required supplementary information on budgets on pages 31-40.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Hope Township, assets exceeded liabilities by \$2,151,335 at the close of the most recent fiscal year.

By far the most significant portion of the Township's net assets (60.59 percent) reflects its unrestricted net assets (\$1,303,535), which may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the Township's net assets (28.12 percent) reflects restricted net assets (\$605,005), which are resources that are subject to external restrictions on how they may be used. The remaining portion of the Township's net assets (11.29 percent) reflects its investment in capital assets (e.g. land, buildings, equipment and furniture and fixtures) (\$242,795). The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

### Hope Township's Condensed Financial Data

	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
Current and Other Assets	\$ 5,327,771	\$ 1,934,273
Capital Assets	242,795	221,103
Total Assets	<u>5,570,566</u>	<u>2,155,376</u>
Short-Term Liabilities	71,842	79,575
Long-Term Liabilities	3,347,389	190,419
Total Liabilities	<u>3,419,231</u>	<u>269,994</u>
Net Assets:		
Invested in Capital Assets, Net of related debt	242,795	221,103
Restricted	605,005	91,962
Unrestricted	1,303,535	1,572,317
Total Net Assets	<u>\$ 2,151,335</u>	<u>\$ 1,885,382</u>
Program Revenues		
Charges for Services	\$ 113,465	\$ 96,716
Capital Grants and Contributions	85,497	99,858
General Revenues		
Property Taxes	271,118	257,566
Licenses and Permits	3,552	5,513
State Grants	230,525	231,206
Interest and Rents	66,413	49,558
Other Revenue	13,178	11,236
Gain (Loss) from Disposal of Fixed Assets	517	(424)
Increase in Equity Interest in Joint Venture	82,677	-
Total Revenues	<u>866,942</u>	<u>751,229</u>
Program Expenses		
Governmental Activities:		
Legislative	18,220	20,161
General Government	235,829	233,318
Public Safety	106,040	198,470
Public Works	133,189	137,427
Health and Welfare	3,000	3,000
Recreational and Cultural	37,672	36,607
Other	55,801	66,638
Interest and Fiscal Charges	11,238	14,905
Total Expenses	<u>600,989</u>	<u>710,526</u>
Change in Net Assets	<u>\$ 265,953</u>	<u>\$ 40,703</u>

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

**Governmental activities.** Governmental activities increased the Township's net assets by \$265,953 mainly due to increased revenues and decreased expenditures from controlled spending.

For the most part, expenses decreased compared with the prior year. Fire contract services and special assessment expenses were down considerably from the prior year contributing to the large net asset increase for the current year.

### **Financial Analysis of the Township's Funds**

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,595,505, an increase of \$303,679 in comparison with the prior year. Last year, the Township's governmental funds combined ending fund balance was \$1,291,827, which was a decrease of \$40,212 in comparison with the prior year.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$153,170. Unreserved fund balance represents 42.72% of the total general fund expenditures.

The fund balance of the Township's general fund decreased by \$9,659 during the current fiscal year, partially due to decreases in zoning hearings and permit fees received, increases in election, board of review, data processing and insurance and bond expenses, increases in attorney fees for zoning issues, increases in loans from the public improvement and revolving funds and an increase in the Delton District Library grant.

### **General Fund Budgetary Highlights**

The amended revenue and expenditure budget did not change in total from the original budget. There were only small amendments between activities on the expenditure side.

### **Capital Assets**

The Township's investment in capital assets for its governmental activities as of March 31, 2007, amounts to \$242,795 (net of accumulated depreciation). This investment in capital assets includes: land, buildings, improvements, equipment and furniture and fixtures.

Major capital asset events during the current fiscal year included building improvements, park equipment, computers, cemetery mowers and a copier. Details of the Township's capital assets are continued in the notes to the financial statements on page 22.

### **Long-Term Debt**

At the end of the current fiscal year, the Township had total debt outstanding of \$190,419. The Township debt is as follows:

#### **The Township's Outstanding Debt General Obligation and Revenue Bonds**

	Governmental-Type Activities		Total	
	2007	2006	2007	2006
Primary Government:				
Special Assessment Bonds	\$ 24,700	\$ 43,604	\$ 24,700	\$ 43,604
Special Assessment Debt	<u>165,719</u>	<u>221,664</u>	<u>165,719</u>	<u>221,664</u>
Total	<u>\$ 190,419</u>	<u>\$ 265,268</u>	<u>\$ 190,419</u>	<u>\$ 265,268</u>

The Township's debt decreased by \$74,849 (28.22%) during the current fiscal year. The net reduction was attributable to making debt service payments as they came due.

Additional information on the Township long-term debt can be found on pages 23 of the notes to the financial statements.



### **Economic Factors and Next Year's Budgets and Rates**

Budget assumptions: The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget may mean further reductions in state-shared revenues. State shared revenues are expected to decrease in the 2007-2008 fiscal year, or at best will not be more than the previous fiscal year. The Township budgeted for a decrease in state-shared revenue. The Township's millage rate will remain the same, subject to the Headlee rollback. The taxable value will increase, thus bringing in more tax revenue.

The Township budgets \$30,000 annually for its Public Improvement Revolving Fund, which enables loans to special assessments at a 4% interest rate. Interest is paid by various lake associations and reimbursed at the conclusion of the special assessment if funds are available. The Township plans on increasing the revolving fund to \$35,000 in anticipation of loans to the Wall Lake and Long Lake aquatic plant control project special assessments. These factors were considered in preparing the Township's budget for the 2007-2008 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of Hope Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the (Supervisor/Treasurer/Clerk), Hope Township, 5463 S M-43 Highway, Hastings, MI 49058 269-948-2464.

**HOPE TOWNSHIP**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**March 31, 2007**

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	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 417,150	\$ 417,150
Investments	539,105	539,105
Receivables (Net)		
Taxes - Delinquent	28,876	28,876
Land Contract	1,764	1,764
Due From State	36,668	36,668
Due From Other Funds	84	84
Restricted Assets	4,024,236	4,024,236
Investment in Joint Venture	279,888	279,888
Capital Assets (Net of Accumulated Depreciation)	242,795	242,795
<b>Total Assets</b>	<b>5,570,566</b>	<b>5,570,566</b>
<b>LIABILITIES</b>		
Accounts Payable	-	-
Due To Other Funds	12	12
Deferred Revenue	3,228,800	3,228,800
Noncurrent Liabilities		
Due Within One Year	71,830	71,830
Due In More Than One Year	118,589	118,589
<b>Total Liabilities</b>	<b>3,419,231</b>	<b>3,419,231</b>
<b>NET ASSETS</b>		
Net Assets		
Invested in Capital Assets, Net of Related Debt	242,795	242,795
Restricted for Special Assessments	409,819	409,819
Restricted for Capital Projects	195,186	195,186
Unrestricted	1,303,535	1,303,535
<b>Total Net Assets</b>	<b>\$ 2,151,335</b>	<b>\$ 2,151,335</b>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**March 31, 2007**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Total
<b>Primary Government</b>					
Governmental Activities					
Legislative	\$ 18,220	\$ -	\$ -	\$ (18,220)	\$ (18,220)
General Government	235,829	12,922	6,792	(216,115)	(216,115)
Public Safety	106,040	20,548	-	(85,492)	(85,492)
Public Works	133,189	-	-	(133,189)	(133,189)
Health and Welfare	3,000	-	-	(3,000)	(3,000)
Recreational and Cultural	37,672	-	-	(37,672)	(37,672)
Other	55,801	79,995	78,705	102,899	102,899
Interest and Fiscal Charges	11,238	-	-	(11,238)	(11,238)
Total Governmental Activities	<u>600,989</u>	<u>113,465</u>	<u>85,497</u>	<u>(402,027)</u>	<u>(402,027)</u>
Total Primary Government	<u>\$ 600,989</u>	<u>\$ 113,465</u>	<u>\$ 85,497</u>	<u>\$ (402,027)</u>	<u>\$ (402,027)</u>
General Revenues					
Taxes and Penalties				271,118	271,118
Licenses and Permits				3,552	3,552
State Grants				230,525	230,525
Interest and Rents				66,413	66,413
Other Revenue				<u>13,178</u>	<u>13,178</u>
Total General Revenue				<u>584,786</u>	<u>584,786</u>
Gain from Trade-In of Capital Assets				517	517
Increase in Equity Interest in Joint Ventures				<u>82,677</u>	<u>82,677</u>
Change in Net Assets				265,953	265,953
Net Assets-Beginning				<u>1,885,382</u>	<u>1,885,382</u>
Net Assets-Ending				<u>\$ 2,151,335</u>	<u>\$ 2,151,335</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**March 31, 2007**

<b>ASSETS</b>	<b>General</b>	<b>Road Fund</b>	<b>Fire Fund</b>	<b>Cemetery Fund</b>	<b>Wall Lake Sewer</b>	<b>Capital Projects</b>	<b>Wall Lake Weed Control 2</b>	<b>Cloverdale-Long Lake Sewer</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and Cash Equivalents	\$ 105,705	\$ 84,172	\$ 198,455	\$ 22,325	\$ -	\$ -	\$ 39,144	\$ -	\$ 108,107	\$ 557,908
Investments	-	152,780	209,613	120,827	-	195,186	-	-	55,885	734,291
Receivables										
Taxes	8,949	9,963	7,473	2,491	-	-	-	-	-	28,876
Land Contract	1,764	-	-	-	-	-	-	-	-	1,764
Special Assessments	-	-	-	-	165,719	-	87,102	3,228,800	206,671	3,688,292
Due From State	36,668	-	-	-	-	-	-	-	-	36,668
Due From Other Funds	84	-	-	-	-	-	-	-	-	84
<b>Total Assets</b>	<b>\$ 153,170</b>	<b>\$ 246,915</b>	<b>\$ 415,541</b>	<b>\$ 145,643</b>	<b>\$ 165,719</b>	<b>\$ 195,186</b>	<b>\$ 126,246</b>	<b>\$ 3,228,800</b>	<b>\$ 370,663</b>	<b>\$ 5,047,883</b>
<b>LIABILITIES AND FUND BALANCE</b>										
<b>LIABILITIES</b>										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	12	-	-	12
Deferred Revenue	-	-	-	-	161,490	-	85,680	3,014,300	190,896	3,452,366
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,490</b>	<b>-</b>	<b>85,692</b>	<b>3,014,300</b>	<b>190,896</b>	<b>3,452,378</b>
<b>Fund Balances</b>										
Reserved	-	-	-	-	4,229	195,186	40,554	214,500	117,389	571,858
Designated	-	-	-	-	-	-	-	-	-	-
Unreserved-Undesignated	153,170	246,915	415,541	145,643	-	-	-	-	62,378	1,023,647
<b>Total Fund Balances</b>	<b>153,170</b>	<b>246,915</b>	<b>415,541</b>	<b>145,643</b>	<b>4,229</b>	<b>195,186</b>	<b>40,554</b>	<b>214,500</b>	<b>179,767</b>	<b>1,595,505</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 153,170</b>	<b>\$ 246,915</b>	<b>\$ 415,541</b>	<b>\$ 145,643</b>	<b>\$ 165,719</b>	<b>\$ 195,186</b>	<b>\$ 126,246</b>	<b>\$ 3,228,800</b>	<b>\$ 370,663</b>	<b>\$ 5,047,883</b>

**HOPE TOWNSHIP**  
**RECONCILIATION OF THE GOVERNMENTAL FUND'S BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**March 31, 2007**

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<b>Governmental Fund Balance - March 31, 2007</b>		<b>\$ 1,595,505</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$ 376,397	
Less: Accumulated depreciation	<u>(133,602)</u>	242,795
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures		
		223,566
Investment in Joint Venture in governmental activities is not a financial resource and therefore is not reported in the governmental funds		
		279,888
Long-term liabilities are not due and payable in the current period and are not reported in the funds		
		<u>(190,419)</u>
Net Assets of Governmental Activities		<u><b>\$ 2,151,335</b></u>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Year Ended March 31, 2007**

	<u>General</u>	<u>Road Fund</u>	<u>Fire Fund</u>	<u>Cemetery Fund</u>	<u>Wall Lake Sewer</u>
<b>Revenues</b>					
Taxes and Penalties	\$ 84,109	\$ 93,504	\$ 70,126	\$ 23,379	\$ -
Licenses and Permits	3,552	-	-	-	-
State Grants	237,317	-	-	-	-
Charges for Services	1,086	-	-	11,836	-
Interest and Rentals	9,657	7,482	15,195	5,467	8,400
Other Revenue	<u>13,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,256</u>
<b>Total Revenues</b>	<u>348,899</u>	<u>100,986</u>	<u>85,321</u>	<u>40,682</u>	<u>67,656</u>
<b>Expenditures</b>					
Legislative	18,220	-	-	-	-
General Government	187,084	-	-	30,166	-
Public Safety	48,915	-	31,420	-	-
Public Works	20,557	112,632	-	-	-
Health and Welfare	3,000	-	-	-	-
Recreation and Cultural	35,977	-	-	-	-
Other	15,000	-	-	-	3,696
Capital Outlay	29,805	-	-	29,498	-
Debt Service					
Principal	-	-	-	-	55,945
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,400</u>
<b>Total Expenditures</b>	<u>358,558</u>	<u>112,632</u>	<u>31,420</u>	<u>59,664</u>	<u>68,041</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(9,659)</u>	<u>(11,646)</u>	<u>53,901</u>	<u>(18,982)</u>	<u>(385)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Fixed Assets	-	-	-	18,782	-
Operating Transfers In	-	16,000	-	-	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>18,782</u>	<u>-</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>(9,659)</u>	<u>4,354</u>	<u>53,901</u>	<u>(200)</u>	<u>(385)</u>
<b>Fund Balance-April 1, 2006</b>	<u>162,829</u>	<u>242,561</u>	<u>361,640</u>	<u>145,843</u>	<u>4,614</u>
<b>Fund Balance-March 31, 2007</b>	<u>\$ 153,170</u>	<u>\$ 246,915</u>	<u>\$ 415,541</u>	<u>\$ 145,643</u>	<u>\$ 4,229</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (Continued)**  
**For the Year Ended March 31, 2007**

<u>Capital Projects</u>	<u>Wall Lake Weed Control 2</u>	<u>Cloverdale- Long Lake Sewer</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 271,118
-	-	-	-	3,552
-	-	-	-	237,317
-	28,896	-	71,647	113,465
8,900	297	-	11,015	66,413
-	-	214,500	21,893	308,827
<u>8,900</u>	<u>29,193</u>	<u>214,500</u>	<u>104,555</u>	<u>1,000,692</u>
-	-	-	-	18,220
-	-	-	-	217,250
-	-	-	25,705	106,040
-	-	-	-	133,189
-	-	-	-	3,000
-	-	-	-	35,977
-	13,986	-	23,119	55,801
-	-	-	928	60,231
-	-	-	18,904	74,849
-	-	-	2,838	11,238
-	13,986	-	71,494	715,795
<u>8,900</u>	<u>15,207</u>	<u>214,500</u>	<u>33,061</u>	<u>284,897</u>
-	-	-	-	18,782
-	-	-	-	16,000
<u>(16,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,000)</u>
<u>(16,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,782</u>
(7,100)	15,207	214,500	33,061	303,679
<u>202,286</u>	<u>25,347</u>	<u>-</u>	<u>146,706</u>	<u>1,291,826</u>
<u>\$ 195,186</u>	<u>\$ 40,554</u>	<u>\$ 214,500</u>	<u>\$ 179,767</u>	<u>\$ 1,595,505</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**For the Year Ended March 31, 2007**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ 303,679</b>
Special assessment revenues are recorded in the statement of activities when the project is substantially complete; they are not reported in the funds if collected by year end or within 60 days of year end		(216,944)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces debt)		74,849
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets	\$ 60,231	
Less: Current year depreciation	20,274	
Less: Proceeds from Sale of Capital Asset	18,782	
Plus: Gain from Trade-In of Capital Asset	<u>517</u>	21,692
Change in Joint Venture in governmental activities is not a financial resource and therefore is not reported in the governmental funds		<u>82,677</u>
<b>Change in Net Assets of Governmental Funds</b>		<b><u>\$ 265,953</u></b>

The Notes to Financial Statements are an integral part of this statement.



**HOPE TOWNSHIP**  
**FIDUCIARY FUNDS STATEMENT OF NET ASSETS**  
**March 31, 2007**

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<b>ASSETS</b>	<b>Pension Trust</b>	<b>Current Tax Collection</b>	<b>Trust and Agency</b>
Cash	\$ -	\$ 72	\$ 2,002
Investments-at Fair Value:			
Other Investments	<u>115,936</u>	<u>-</u>	<u>-</u>
Total Assets	<u>115,936</u>	<u>72</u>	<u>2,002</u>
 <b>LIABILITIES</b>			
Due to Other Funds	-	72	-
Other Liability	<u>-</u>	<u>-</u>	<u>2,002</u>
Total Liabilities	<u>-</u>	<u>72</u>	<u>2,002</u>
 <b>NET ASSETS</b>			
Held in Trust for Pension Benefits	<u>\$ 115,936</u>	<u>\$ -</u>	<u>\$ -</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**FIDUCIARY FUNDS STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended March 31, 2007**

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	<u>Pension Trust</u>
<b>Additions</b>	
Contributions	
Employer	\$ 13,030
Total Contributions	13,030
Investment Income	
Interest and Dividends	<u>4,454</u>
Total Additions	<u>17,484</u>
<b>Deductions</b>	
Employee Withdrawals and Transfers	(13,330)
Charges	<u>(568)</u>
Total Deductions	<u>(13,898)</u>
Change in Net Assets	3,586
Net Assets-Beginning	<u>112,350</u>
Net Assets-Ending	<u>\$ 115,936</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2007**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Hope Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Hope Township:

**REPORTING ENTITY**

Hope Township is located in Barry County, Michigan. The Township operates under an elected board of five members and provides services to residents in many areas including fire protection and general government services. Education services are provided to citizens through several local school districts, which are separate governmental entities.

**JOINT VENTURES**

**Fire Department**

The Township, together with the Townships of Barry and Prairieville has established a joint fire department under the provisions of Public Act 33 of 1951 and Public Act 7 of 1967. The department is known as the BPH Joint Fire Department. The organizational agreement provides that financing of the Department's activities will be as follows:

Each Township shall contribute one-third the cost of maintaining and operating the BPH Joint Fire Department with the exception for new vehicles and large equipment, which will be covered 30% by Barry Township, 25% by Prairieville Township and 45% by Hope Township. Half of the operating budget is due in April to cover insurance and the balance is billed quarterly.

Real property and equipment acquired by the BPH Joint Fire Department shall be held by the member Townships as tenants in common and each shall hold a one-third interest.

Hope Township's share of the cost of fire protection for the year ended March 31, 2007 was \$31,420.

The following information summarizes the activity of the joint venture through March 31, 2006, the most recent audited financial statements available.

Total Assets	\$ 473,055	Total Revenues	\$ 311,384
Total Liabilities	\$ 3,724	Total Expenditures	\$ 99,054
Total Net Assets	\$ 469,331	Increase (Decrease) in Net Assets	\$ 213,330
Total Joint Venture Outstanding Debt	\$ -		

Complete financial statements for BPH Joint Fire Department can be obtained from:

Judith Wooer, Treasurer  
155 E Orchard St.  
Delton, MI 49046

**HOPE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended March 31, 2007**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**JOINTLY GOVERNED ORGANIZATIONS**

Hope Township, in conjunction with three other local units of government, has entered into an agreement, which created the Southwest Barry County Intermunicipality Committee. The purpose of the authority is to provide necessary cooperative planning of infrastructure to serve the needs of the citizens of the participating municipalities in accordance with the Authorization under the Urban Cooperation Act of 1967. The incorporating municipalities are: Barry Township, Hope Township, Prairieville Township and the Delton Kellogg School District. The board is comprised of eight members, consisting of two elected officials from each township and two representatives from the Delton Kellogg School District. During the current fiscal year \$0 has been remitted by Hope Township to the Committee.

Hope Township, in conjunction with three other local units of government, Barry, Johnstown and Prairieville Townships, established the Southwest Barry County Sewer and Water Authority, under provisions of Act 233 of 1955, to operate, maintain administer, and manage a sewage collection and disposal system. The governing body of the Authority is made up of the supervisors of each member Township. Membership does not convey an equity interest in the organization. Operating costs are financed through user fees, and debt service costs are paid from special assessments upon benefited properties.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. The Township uses a period of greater than sixty days to measure availability for property taxes receivable. The Township receives its settlement of delinquent property taxes from Barry County a few days after the sixty-day period and chooses to recognize the revenue as current year property tax revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**HOPE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended March 31, 2007**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**  
(Continued)

State grants, licenses and permits, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual; therefore, they have been recognized as revenue in the current fiscal period. All other revenues are considered to be measurable only when the Township receives cash.

Taxes Receivable - The Township property tax is levied on each December 1<sup>st</sup> based on the taxable valuation of property located in the Township as of the preceding December 31<sup>st</sup>.

Although the Township ad valorem tax is levied and collectible on February 1<sup>st</sup>, it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

The 2006 State taxable valuation of the Township totaled \$97,402,283 on which ad valorem taxes levied consisted of .8589 mills for Township operating purposes, .7172 mills for the Township's fire services, .2391 for the Township's cemetery, and .9563 mills for the Township's roads, raising \$84,109 for operating, \$70,126 for fire services, \$23,379 for the cemetery, and \$93,504 for roads.

The Township reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.
- The Road Fund accounts for the maintenance of the Township's roads. Revenues are primarily derived from property taxes.
- The Fire Fund accounts for the Township's fire services. Revenues are primarily derived from property taxes.
- The Cemetery Fund accounts for the Township's cemetery services. Revenues are primarily derived from property taxes.
- The Wall Lake Sewer Fund accounts for the Township's sewer in the Wall Lake area. Revenues are primarily derived from special assessments levied on the residents of the lake.
- The Capital Projects Funds accounts for all major capital expenditures of the Township. Revenue currently consists of interest on the accounts held for this purpose.
- The Wall Lake Weed Control #2 Fund accounts for the Township's second weed control project at Wall Lake. Revenues are derived primarily from special assessments levied on the residents of the lake.
- The Cloverdale-Long Lake Sewer Fund accounts for the Township's sewer for Cloverdale Lake and Long Lake. Revenues are primarily derived from special assessments levied on the residents of the lakes.

Additionally, the government reports the following fiduciary fund types:

- The Pension Trust Fund accounts for the activities of the retirement system, which accumulates resources for pension benefit payments to qualified employees.
- The Trust and Agency Fund accounts for the assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2007**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> based on the taxable valuation of property located in the Township as of the preceding December 31<sup>st</sup>. These taxes are due on February 28<sup>th</sup>. After that date, they are added to the county's delinquent tax rolls.

The delinquent real property taxes of the Township are purchased by Barry County.

The amount recognized in the financial statements as current property tax revenue represents the 2006 taxes levied for the year.

Restricted Assets - The Township has restricted assets for capital projects and special assessments. By restricting a portion of the net assets for a specific purpose, the Township has limited the use of the funds for that specific purpose only. The Township Board cannot change the amounts restricted and cannot spend the restricted funds for any other purpose than capital projects or special assessments. The special assessment bonds require amounts to be set-aside for debt service principal and interest.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

<u>General Assets</u>	
Buildings	40 years
Land Improvements	15 years
Furniture	10 years
Equipment	7 years
Data Processing Equipment	5 years

Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Hope Township does not have any designations of fund balance.

**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2007**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)**

Reserved Fund Balances - The Township has reserved fund balances for capital projects and debt service. By reserving a portion of fund balance for a specific purpose, the Township Board has established a policy that the amounts reserved are to be used for a specific purpose. The Township Board cannot change the amounts reserved and cannot spend the reserved funds for any other purpose than capital projects or special assessments debt service.

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The Township Boards prepares the annual budgets prior to March 31. A Public Hearing is conducted to obtain taxpayers' comments. The budget documents present information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2007, the Township incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

<u>FUND</u>	<u>TOTAL APPROPRIATIONS</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
General			
General Government:			
Elections	\$ 6,100	\$ 9,829	\$ 3,729

**ENCUMBRANCE ACCOUNTING**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by Hope Township

**DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated five banks, two federal savings banks and an investment company for the deposit of Hope Township funds.

**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2007**

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**DEPOSITS AND INVESTMENTS (Continued)**

The Township retirement system's investments are held in trust by the investment fiduciary, Manufacturers Life Financial. Michigan Compiled Laws, Section 38.1132, authorizes the Township retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types depending on the size of the system.

The Township's deposits and investments are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<b><u>GOVERNMENTAL ACTIVITIES</u></b>	<b><u>FIDUCIARY FUNDS</u></b>	<b><u>TOTAL PRIMARY GOVERNMENT</u></b>
Cash and Cash Equivalents	\$ 417,150	\$ 2,074	\$ 419,224
Investments	539,105	115,936	655,041
Restricted Assets	<u>335,944</u>	<u>-</u>	<u>335,944</u>
Total	<u>\$ 1,292,199</u>	<u>\$ 118,010</u>	<u>\$ 1,410,209</u>

The breakdown between deposits and investments is:

	<b><u>TOTAL PRIMARY GOVERNMENT</u></b>
Cash and Cash Equivalents (Checking and Savings Accounts, Certificates of Deposit)	\$ 1,294,073
Investment in Securities (Mutual Funds and Similar Vehicles)	115,936
Petty Cash and Cash on Hand	<u>200</u>
Total	<u>\$ 1,410,209</u>

Custodial credit risk is the risk that the Township will not be able to recover its deposits in the event of financial institution failure. The Township's deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2007, the Township had deposits with a carrying amount of \$1,294,073 and a bank balance of \$1,316,946. Of the bank balance, \$884,346 is covered by federal depository insurance, \$432,601 is uninsured and \$0 is collateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of the FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.



**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2007**

**CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

	<b><u>BEGINNING BALANCE</u></b>	<b><u>INCREASES</u></b>	<b><u>DECREASES</u></b>	<b><u>ADJUST- MENTS</u></b>	<b><u>ENDING BALANCE</u></b>
<b>Governmental Activities</b>					
Capital Assets not Being Depreciated					
Land	\$ 49,324	\$ -	\$ -	\$ -	\$ 49,324
Subtotal	<u>49,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,324</u>
Capital Assets Being Depreciated					
Buildings	133,172	10,140	-	-	143,312
Improvements	44,290	627	-	-	44,917
Furniture	33,345	-	-	-	33,345
Equipment	49,339	46,747	20,909	-	75,177
Data Processing Equipment	<u>34,028</u>	<u>2,717</u>	<u>6,423</u>	<u>-</u>	<u>30,322</u>
Subtotal	294,174	60,231	27,332	-	327,073
Less Accumulated Depreciation for					
Buildings	55,692	2,819	-	-	58,511
Improvements	7,577	1,832	-	-	9,409
Furniture	19,396	2,822	-	-	22,218
Equipment	23,166	8,382	3,444	-	28,104
Data Processing Equipment	<u>16,564</u>	<u>4,419</u>	<u>5,623</u>	<u>-</u>	<u>15,360</u>
Subtotal	<u>122,395</u>	<u>20,274</u>	<u>9,067</u>	<u>-</u>	<u>133,602</u>
Net Capital Assets Being Depreciated	<u>171,779</u>	<u>39,957</u>	<u>18,265</u>	<u>-</u>	<u>193,471</u>
Governmental Activities Total Capital Assets-Net of Depreciation	<u>\$ 221,103</u>	<u>\$ 39,957</u>	<u>\$ 18,265</u>	<u>\$ -</u>	<u>\$ 242,795</u>

Depreciation expense was charged to programs of the Township as follows:

Governmental Activities	
General Government	\$ 18,579
Recreational and Cultural	<u>1,695</u>
Total Government Activities	<u>\$ 20,274</u>

**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2007**

**LONG-TERM DEBT**

The government issues bonds to provide for special assessments. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. The Township also has a contractual agreement to remit to the Southwest Barry County Sewer and Water Authority all principal and interest collections arising from special assessments levied on properties served by the Authority. In the event that the Authority is unable to meet its debt service requirements, an assessment may be made against the Township. The Township has pledged its full faith and credit for the payment of its share of any such deficiency.

The following is a summary of the debt outstanding Hope Township as of March 31, 2007:

	<u>INTEREST RATE</u>	<u>PRINCIPAL MATURES</u>	<u>BEGINNING BALANCE</u>	<u>ADDITION (REDUCTIONS)</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Governmental Activities						
Special Assessment Bonds						
Steven's Wooded Acres	7.35-7.50%	2008	\$ 20,000	\$ (10,000)	\$ 10,000	\$ 10,000
South Shore Drive	5.15%	2007	904	(904)	-	-
Keller Road	5.70%	2009	22,700	(8,000)	14,700	8,000
Special Assessment Debt						
Southwest Sewer and Water Authority	3.81%	2010	<u>221,664</u>	<u>(55,945)</u>	<u>165,719</u>	<u>53,830</u>
Total Governmental Activities			<u>\$ 265,268</u>	<u>\$ (74,849)</u>	<u>\$ 190,419</u>	<u>\$ 71,830</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End March 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 71,830	\$ 7,902
2009	60,530	4,745
2010	53,830	2,212
2011	4,229	161
2012	<u>-</u>	<u>-</u>
Total	<u>\$ 190,419</u>	<u>\$ 15,020</u>

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances is as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>FUND</u>	<u>INTERFUND PAYABLES</u>
General	\$ 84	Current Tax Wall Lake Weed #2	\$ 72 12
	<u>\$ 84</u>		<u>\$ 84</u>

**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2007

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)**

<u>FUND</u>	<u>TRANSFERS IN</u>	<u>FUND</u>	<u>TRANSFERS OUT</u>
Road Fund	\$ 16,000	Capital Projects	\$ 16,000
	<u>\$ 16,000</u>		<u>\$ 16,000</u>

The interfund receivables and payables represent money owed to the general fund for expenses paid by the general fund for the various other funds. Transfers were used to move capital projects funds to the road fund where the expenditures were expended from in accordance with budgetary authorizations.

**RISK MANAGEMENT**

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages its risk exposure and provides certain employee benefits thorough a combination of risk management pools and commercial insurance.

The Township participates in the Michigan Municipal League for property, general liability, and employee bond coverage. The Michigan Municipal Liability and Property Pool were established pursuant to laws of the State of Michigan, which authorizes local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of the pool is to jointly exercise powers common to each participating member to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses occurring in the operation of its members; and to defend and protect any member of the authority against liability or loss.

The Michigan Municipal Liability and Property Pool, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Michigan Municipal Liability and Property Pool. Due to this reinsurance purchase, there is no pooling of risk between members.

The Michigan Municipal Liability and Property Pool chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

The individual members are responsible for their self-retention amounts (deductibles) that vary from member to member.

At March 31, 2007, there were no claims, which exceeded insurance coverage. The Township had no significant reduction in insurance coverage from previous years.

**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2007**

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**DEFINED CONTRIBUTION PLAN**

The Township contributes to a defined contribution pension plan for its eligible employees. John Hancock holds the participants' accounts in individual "guaranteed accounts".

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeiture of other participants' benefits that may be allocated to such participant's account. The pension plan is available to all members of the township board. Contributions by the Township vest immediately. The Township contributes 100% of the premium or charges arising under the pension contract.

During the year, the Township's required and actual contributions amounted to \$13,030, which was 15% of its current-year covered payroll of \$87,919. The total fiscal year payroll was \$163,388. No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

**PENDING LITIGATION**

The Township is currently a defendant in a special assessment appeal regarding the Cloverdale and Long Lake sewer project. It is the opinion of the board that this lawsuit is without merit and the Township intends to vigorously defend against the appeal. As of March 31, 2007, the case is currently pending and no amount has been accrued in these financial statements since the outcome of this matter is uncertain and the resulting liability, if any, cannot be determined.

**SUBSEQUENT EVENT**

During the current year, an assessment was approved for the Cloverdale and Long Lake sewer project. Assessments were based on an estimated project cost of \$3,228,800. As of March 31, 2007, the Township had not received any bond proceeds for this assessment. During June 2007, the Township received bonds of \$2,960,000, payable over 20 years.

**PRIOR PERIOD ADJUSTMENT**

A certain error, resulting in the overstatement of net assets in the prior year, was corrected during the March 31, 2007 audit. The cumulative effect on net assets from this error is as follows:

	<b><u>Wall Lake Sewer</u></b>
Net Assets at April 1, 2006, as previously reported	\$ 2,107,046
March 31, 2006 Special Assessment Debt not recorded	<u>(221,664)</u>
Net Assets at March 31, 2006, as restated	<u>\$ 1,885,382</u>

**HOPE TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For the Year Ended March 31, 2007**

	<b>ORIGINAL BUDGET</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH AMENDED BUDGET</b>
Beginning of Year Fund Balance	\$ 162,829	\$ 162,829	\$ 162,829	\$ -
Resources (Inflows)				
Taxes and Penalties	80,120	80,120	84,109	3,989
Licenses and Permits	5,000	5,000	3,552	(1,448)
State Grants	231,100	231,100	237,317	6,217
Charges for Services	2,015	2,015	1,086	(929)
Interest and Rentals	3,400	3,400	9,657	6,257
Other Revenue	<u>11,620</u>	<u>11,620</u>	<u>13,178</u>	<u>1,558</u>
Total Resources	<u>333,255</u>	<u>333,255</u>	<u>348,899</u>	<u>15,644</u>
Charges to Appropriations (Outflows)				
Legislative	32,900	29,113	18,220	10,893
General Government				
Supervisor	23,250	23,250	21,383	1,867
Elections	6,100	6,100	3,037	3,063
Assessor	32,602	32,602	32,112	490
Attorney	10,000	10,000	3,086	6,914
Clerk	43,360	43,360	42,750	610
Audit	7,500	7,500	6,715	785
Board of Review	2,530	2,530	1,609	921
Treasurer	36,530	36,530	34,269	2,261
Data Processing	18,500	18,500	11,250	7,250
Township Hall	39,195	42,395	30,873	11,522
Public Safety				
Planning and Zoning	59,600	59,600	48,915	10,685
Public Works				
Street Lighting	5,000	5,587	5,587	-
Sanitary Landfill and Recycling	6,600	6,600	5,557	1,043
Special Assessment	20,000	20,000	9,413	10,587
Health and Welfare				
Green Gables	3,000	3,000	3,000	-
Recreational and Cultural				
Parks	7,770	7,770	4,025	3,745
YMCA	1,000	1,000	1,000	-
Bernard Museum	1,000	1,000	1,000	-
Library	30,460	30,460	29,952	508
Other				
Insurance, Bonds and Fringes	15,000	15,000	15,000	-
Capital Outlay	<u>8,500</u>	<u>8,500</u>	<u>29,805</u>	<u>(21,305)</u>
Total Charges to Appropriations	<u>410,397</u>	<u>410,397</u>	<u>358,558</u>	<u>51,839</u>

**HOPE TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2007**

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Excess of Resources Over (Under) Appropriations	<u>(77,142)</u>	<u>(77,142)</u>	<u>(9,659)</u>	<u>67,483</u>
Other Financing Sources (Uses):				
Proceeds From Sale of Fixed Asset	-	-	-	-
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	<u>(77,142)</u>	<u>(77,142)</u>	<u>(9,659)</u>	<u>67,483</u>
Budgetary Fund Balance - March 31, 2006	<u>\$ 85,687</u>	<u>\$ 85,687</u>	<u>\$ 153,170</u>	<u>\$ 67,483</u>

**HOPE TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE - ROAD FUND**  
**For the Year Ended March 31, 2007**

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning of Year Fund Balance	\$ 242,561	\$ 242,561	\$ 242,561	\$ -
Resources (Inflows)				
Taxes and Penalties	88,500	88,500	93,504	5,004
Interest and Rentals	<u>3,500</u>	<u>3,500</u>	<u>7,482</u>	<u>3,982</u>
Total Resources	<u>92,000</u>	<u>92,000</u>	<u>100,986</u>	<u>8,986</u>
Charges to Appropriations (Outflows)				
Public Works				
Contracted Services	<u>118,500</u>	<u>118,500</u>	<u>112,632</u>	<u>5,868</u>
Total Charges to Appropriations	<u>118,500</u>	<u>118,500</u>	<u>112,632</u>	<u>5,868</u>
Excess of Resources Over (Under) Appropriations	<u>(26,500)</u>	<u>(26,500)</u>	<u>(11,646)</u>	<u>14,854</u>
Other Financing Sources (Uses):				
Operating Transfers In	26,500	19,000	16,000	(3,000)
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>26,500</u>	<u>19,000</u>	<u>16,000</u>	<u>(3,000)</u>
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	<u>-</u>	<u>(7,500)</u>	<u>4,354</u>	<u>11,854</u>
Budgetary Fund Balance - March 31, 2007	<u>\$ 242,561</u>	<u>\$ 235,061</u>	<u>\$ 246,915</u>	<u>\$ 11,854</u>

**HOPE TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE - FIRE FUND**  
**For the Year Ended March 31, 2007**

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning of Year Fund Balance	\$ 361,640	\$ 361,640	\$ 361,640	\$ -
Resources (Inflows)				
Taxes and Penalties	64,000	64,000	70,126	6,126
Interest and Rentals	<u>3,000</u>	<u>3,000</u>	<u>15,195</u>	<u>12,195</u>
Total Resources	<u>67,000</u>	<u>67,000</u>	<u>85,321</u>	<u>18,321</u>
Charges to Appropriations (Outflows)				
Public Safety				
Contracted Services	30,000	30,000	31,420	(1,420)
Capital Outlay	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Total Charges to Appropriations	<u>140,000</u>	<u>140,000</u>	<u>31,420</u>	<u>108,580</u>
Excess of Resources Over (Under) Appropriations	<u>(73,000)</u>	<u>(73,000)</u>	<u>53,901</u>	<u>126,901</u>
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	<u>(73,000)</u>	<u>(73,000)</u>	<u>53,901</u>	<u>126,901</u>
Budgetary Fund Balance - March 31, 2007	<u>\$ 288,640</u>	<u>\$ 288,640</u>	<u>\$ 415,541</u>	<u>\$ 126,901</u>



**HOPE TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE - CEMETARY FUND**  
**For the Year Ended March 31, 2007**

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning of Year Fund Balance	\$ 145,843	\$ 145,843	\$ 145,843	\$ -
Resources (Inflows)				
Taxes and Penalties	22,000	22,000	23,379	1,379
Charges for Services	14,000	14,000	11,836	(2,164)
Interest and Rentals	<u>2,000</u>	<u>2,000</u>	<u>5,467</u>	<u>3,467</u>
Total Resources	<u>38,000</u>	<u>38,000</u>	<u>40,682</u>	<u>2,682</u>
Charges to Appropriations (Outflows)				
Cemetery				
Salaries	17,000	17,000	18,119	(1,119)
Social Security	1,500	1,500	1,386	114
Fringe Benefits	-	-	11	(11)
Supplies	2,500	2,500	1,565	935
Contracted Services	5,000	5,000	-	5,000
Transportation	1,500	1,500	1,227	273
Utilities	500	500	295	205
Maintenance and Repairs	9,000	9,000	7,223	1,777
Miscellaneous	350	350	340	10
Capital Outlay	<u>30,000</u>	<u>30,000</u>	<u>29,498</u>	<u>502</u>
Total Charges to Appropriations	<u>67,350</u>	<u>67,350</u>	<u>59,664</u>	<u>7,686</u>
Excess of Resources Over (Under) Appropriations	<u>(29,350)</u>	<u>(29,350)</u>	<u>(18,982)</u>	<u>10,368</u>
Other Financing Sources (Uses):				
Proceeds from Trade-In of Fixed Assets	30,000	30,000	18,782	(11,218)
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>30,000</u>	<u>18,782</u>	<u>(11,218)</u>
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	<u>650</u>	<u>650</u>	<u>(200)</u>	<u>(850)</u>
Budgetary Fund Balance - March 31, 2007	<u>\$ 146,493</u>	<u>\$ 146,493</u>	<u>\$ 145,643</u>	<u>\$ (850)</u>

**HOPE TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended March 31, 2007**

<u>REVENUES</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Taxes and Penalties				
Property Taxes			\$ 83,981	
Trailer Park Fees			128	
Total Taxes and Penalties	\$ 80,120	\$ 80,120	84,109	\$ 3,989
Licenses and Permits				
Zoning Hearings and Permits			3,552	
Total Licenses and Permits	5,000	5,000	3,552	(1,448)
State Grants				
State Revenue Sharing:				
Sales Tax			224,372	
Other			12,945	
Total State Grants	231,100	231,100	237,317	6,217
Charges for Services	2,015	2,015	1,086	(929)
Interest and Rentals				
Interest			7,915	
Rentals			1,742	
Total Interest and Rentals	3,400	3,400	9,657	6,257
Other Revenue				
Special Assessments			5,205	
Refunds and Rebates			3,936	
Miscellaneous			4,037	
Total Other Revenue	11,620	11,620	13,178	1,558
Total Revenues	333,255	333,255	348,899	15,644

**HOPE TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2007**

<b>EXPENDITURES</b>	<b>ORIGINAL BUDGET</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH AMENDED BUDGET</b>
<b>Legislative:</b>				
Township Board:				
Salaries			11,407	
Social Security			873	
Retirement			1,713	
Fringes			434	
Printing and Publishing			443	
Memberships and Conferences			1,831	
Community Promotions			583	
Miscellaneous			<u>936</u>	
Total Legislative	<u>32,900</u>	<u>29,113</u>	<u>18,220</u>	<u>10,893</u>
<b>General Government:</b>				
Supervisor:				
Salary			15,000	
Social Security			1,148	
Retirement			4,476	
Fringe Benefits			262	
Memberships and Conferences			<u>497</u>	
Total Supervisor	23,250	23,250	<u>21,383</u>	1,867
Elections:				
Wages			2,012	
Fringe Benefits			11	
Printing and Publishing			20	
Supplies			280	
Repairs and Maintenance			659	
Miscellaneous			55	
Capital Outlay			<u>6,792</u>	
Total Elections	6,100	6,100	<u>9,829</u>	(3,729)
Assessor:				
Salary			12,951	
Other Wages			14,853	
Social Security			2,127	
Fringe Benefits			702	
Transportation			341	
Memberships and Conferences			710	
Miscellaneous			<u>428</u>	
Total Assessor	32,602	32,602	<u>32,112</u>	490

**HOPE TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2007**

<u>EXPENDITURES (Continued)</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
<b>General Government (Continued)</b>				
Attorney:				
Contracted Services			<u>3,086</u>	
Total Attorney	10,000	10,000	<u>3,086</u>	6,914
Clerk:				
Salary			22,560	
Other Wages			11,579	
Social Security			2,612	
Retirement			3,619	
Fringe Benefits			800	
Memberships and Conferences			1,246	
Transportation			<u>334</u>	
Total Clerk	43,360	43,360	<u>42,750</u>	610
Audit:				
Contracted Services			<u>6,715</u>	
Total Audit	7,500	7,500	<u>6,715</u>	785
Board of Review:				
Per Diem and Fees			1,073	
Social Security			82	
Fringe Benefits			4	
Printing and Publishing			353	
Memberships and Conferences			70	
Miscellaneous			<u>27</u>	
Total Board of Review	2,530	2,530	<u>1,609</u>	921
Treasurer:				
Salary			26,000	
Other Wages			1,069	
Social Security			2,071	
Retirement			4,166	
Fringe Benefits			561	
Transportation			45	
Memberships and Conferences			337	
Miscellaneous			<u>20</u>	
Total Treasurer	36,530	36,530	<u>34,269</u>	2,261

**HOPE TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2007**

<u>EXPENDITURES (Continued)</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
<b>General Government (Continued):</b>				
Data Processing:				
Supplies			2,338	
Maintenance and Repairs			8,912	
Capital Outlay			10,304	
Total Data Processing	23,500	23,500	21,554	1,946
 Township Hall:				
Salaries			5,227	
Social Security			400	
Fringe Benefits			74	
Supplies and Postage			10,074	
Fuel and Gas			1,286	
Communications			2,701	
Transportation			55	
Utilities			2,893	
Repairs and Maintenance			8,113	
Miscellaneous			50	
Capital Outlay			12,082	
Total Township Hall	40,195	43,395	42,955	440
 Total General Government	225,567	228,767	216,262	12,505
 <b>Public Safety:</b>				
Planning and Zoning:				
Zoning and Board Wages			1,470	
Other Wages			420	
Social Security			145	
Fringe Benefits			6	
Communications			795	
Contracted Services			21,800	
Memberships and Conferences			1,080	
Transportation			30	
Printing and Publishing			849	
Professional Services			22,260	
Miscellaneous			60	
Total Planning and Zoning	59,600	59,600	48,915	10,685
 Total Public Safety	59,600	59,600	48,915	10,685

**HOPE TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2007**

<u>EXPENDITURES (Continued)</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
<b>Public Works:</b>				
Street Lighting:				
Utilities			<u>5,587</u>	
Total Street Lighting	5,000	5,587	<u>5,587</u>	-
Sanitary Landfill and Recycling:				
Contracted Services			<u>2,502</u>	
Recycling			<u>3,055</u>	
Total Sanitary Landfill and Recycling	6,600	6,600	<u>5,557</u>	1,043
Special Assessment:				
Public Works Special Assessment			<u>9,413</u>	
Total Special Assessment	<u>20,000</u>	<u>20,000</u>	<u>9,413</u>	<u>10,587</u>
Total Public Works	<u>31,600</u>	<u>32,187</u>	<u>20,557</u>	<u>11,630</u>
<b>Health and Welfare</b>				
Green Gables:				
Contracted Services			<u>3,000</u>	
Total Green Gables	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	-
Total Health and Welfare	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	-
<b>Recreation and Cultural:</b>				
Parks:				
Salaries			1,100	
Social Security			84	
Fringe Benefits			25	
Maintenance and Repairs			2,816	
Capital Outlay			<u>627</u>	
Total Parks	10,270	10,270	<u>4,652</u>	5,618
YMCA:				
Contracted Services			<u>1,000</u>	
Total YMCA	1,000	1,000	<u>1,000</u>	-
Bernard Museum:				
Contracted Services			<u>1,000</u>	
Total Bernard Museum	1,000	1,000	<u>1,000</u>	-

**HOPE TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2007**

<b>EXPENDITURES (Continued)</b>	<b>ORIGINAL BUDGET</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH AMENDED BUDGET</b>
<b>Recreation and Cultural (Continued):</b>				
Library:				
Wages			420	
Social Security			32	
Contracted Services			29,500	
Total Library	<u>30,460</u>	<u>30,460</u>	<u>29,952</u>	<u>508</u>
Total Recreation and Cultural	<u>42,730</u>	<u>42,730</u>	<u>36,604</u>	<u>6,126</u>
<b>Other:</b>				
Insurance and Bonds				
Total Other	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total Expenditures	<u>410,397</u>	<u>410,397</u>	<u>358,558</u>	<u>51,839</u>
Excess of Revenues Over Expenditures	<u>(77,142)</u>	<u>(77,142)</u>	<u>(9,659)</u>	<u>67,483</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds From Sale of Fixed Assets	-	-	-	-
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(77,142)</u>	<u>(77,142)</u>	<u>(9,659)</u>	<u>67,483</u>
Fund Balance-April 1, 2006	<u>162,829</u>	<u>162,829</u>	<u>162,829</u>	<u>-</u>
Fund Balance-March 31, 2007	<u>\$ 85,687</u>	<u>\$ 85,687</u>	<u>\$ 153,170</u>	<u>\$ 67,483</u>

**HOPE TOWNSHIP  
COMBINING BALANCE SHEET -  
NON-MAJOR GOVERNMENTAL FUNDS  
March 31, 2007**

	<b>Special Revenue Funds</b>		<b>Debt Service Funds</b>		
	<b>Building Department</b>	<b>Budget Stabilization</b>	<b>Trails End</b>	<b>Lakeside Drive</b>	<b>Oakwood Drive</b>
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$ 6,493	\$ -	\$ 10,848	\$ 9,996	\$ 8,535
Investments	-	55,885	-	-	-
Special Assessments Receivable	-	-	13,230	-	357
Total Assets	<u>\$ 6,493</u>	<u>\$ 55,885</u>	<u>\$ 24,078</u>	<u>\$ 9,996</u>	<u>\$ 8,892</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	4,140	-	-
Total Liabilities	-	-	4,140	-	-
Fund Equity					
Fund Balance:					
Reserved	-		19,938	9,996	8,892
Unreserved-Undesignated	6,493	55,885	-	-	-
Total Fund Equity	<u>6,493</u>	<u>55,885</u>	<u>19,938</u>	<u>9,996</u>	<u>8,892</u>
Total Liabilities and Fund Equity	<u>\$ 6,493</u>	<u>\$ 55,885</u>	<u>\$ 24,078</u>	<u>\$ 9,996</u>	<u>\$ 8,892</u>



**HOPE TOWNSHIP  
COMBINING BALANCE SHEET -  
NON-MAJOR GOVERNMENTAL FUNDS (Continued)  
March 31, 2007**

**Debt Service Funds**

<u>Guernsey Lake Weed</u>	<u>Walters Road</u>	<u>South Shore Drive</u>	<u>Dogwood Drive #2</u>	<u>Keller Road</u>	<u>Wall Lake Weed Control</u>	<u>Long Lake Weed</u>	<u>Total</u>
\$ 25,175	\$ 7,208	\$ 419	\$ 3,952	\$ 11,921	\$ -	\$ 23,560	\$ 108,107
-	-	-	-	-	-	-	55,885
<u>39,466</u>	<u>4,229</u>	<u>4,293</u>	<u>3,475</u>	<u>16,283</u>	<u>-</u>	<u>125,338</u>	<u>206,671</u>
<u>\$ 64,641</u>	<u>\$ 11,437</u>	<u>\$ 4,712</u>	<u>\$ 7,427</u>	<u>\$ 28,204</u>	<u>\$ -</u>	<u>\$ 148,898</u>	<u>\$ 370,663</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>37,590</u>	<u>3,965</u>	<u>3,884</u>	<u>3,324</u>	<u>15,293</u>	<u>-</u>	<u>122,700</u>	<u>190,896</u>
<u>37,590</u>	<u>3,965</u>	<u>3,884</u>	<u>3,324</u>	<u>15,293</u>	<u>-</u>	<u>122,700</u>	<u>190,896</u>
27,051	7,472	828	4,103	12,911	-	26,198	117,389
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,378</u>
<u>27,051</u>	<u>7,472</u>	<u>828</u>	<u>4,103</u>	<u>12,911</u>	<u>-</u>	<u>26,198</u>	<u>179,767</u>
<u>\$ 64,641</u>	<u>\$ 11,437</u>	<u>\$ 4,712</u>	<u>\$ 7,427</u>	<u>\$ 28,204</u>	<u>\$ -</u>	<u>\$ 148,898</u>	<u>\$ 370,663</u>

**HOPE TOWNSHIP**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended March 31, 2007**

	<b>Special Revenue Funds</b>		<b>Debt Service Funds</b>		
	<b>Building Department</b>	<b>Budget Stabilization</b>	<b>Trails End</b>	<b>Lakeside Drive</b>	<b>Oakwood Drive</b>
<b>Revenues</b>					
Charges for Services	\$ 20,548	\$ -	\$ -	\$ -	\$ -
Interest and Rentals	514	2,622	2,629	496	512
Other Revenue	-	-	4,050	-	2,543
Total Revenues	<u>21,062</u>	<u>2,622</u>	<u>6,679</u>	<u>496</u>	<u>3,055</u>
<b>Expenditures</b>					
Public Safety	25,705	-	-	-	-
Other	-	-	-	-	-
Capital Outlay	928	-	-	-	-
Debt Service:					
Principal	-	-	10,000	-	-
Interest	-	-	1,495	-	-
Total Expenditures	<u>26,633</u>	<u>-</u>	<u>11,495</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,571)</u>	<u>2,622</u>	<u>(4,816)</u>	<u>496</u>	<u>3,055</u>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(5,571)</u>	<u>2,622</u>	<u>(4,816)</u>	<u>496</u>	<u>3,055</u>
Fund Balance - April 1, 2006	<u>12,064</u>	<u>53,263</u>	<u>24,754</u>	<u>9,500</u>	<u>5,837</u>
Fund Balance March 31, 2007	<u>\$ 6,493</u>	<u>\$ 55,885</u>	<u>\$ 19,938</u>	<u>\$ 9,996</u>	<u>\$ 8,892</u>

**HOPE TOWNSHIP**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS (Continued)**  
**For the Year Ended March 31, 2007**

**Debt Service Funds**

<u>Guernsey Lake Weed</u>	<u>Walters Road</u>	<u>South Shore Drive</u>	<u>Dogwood Drive #2</u>	<u>Keller Road</u>	<u>Wall Lake Weed Control</u>	<u>Long Lake Weed</u>	<u>Total</u>
\$ 18,866	\$ -	\$ -	\$ -	\$ -	\$ 58	\$ 32,175	\$ 71,647
210	673	542	408	2,359	2	48	11,015
<u>-</u>	<u>3,965</u>	<u>2,248</u>	<u>1,662</u>	<u>7,425</u>	<u>-</u>	<u>-</u>	<u>21,893</u>
<u>19,076</u>	<u>4,638</u>	<u>2,790</u>	<u>2,070</u>	<u>9,784</u>	<u>60</u>	<u>32,223</u>	<u>104,555</u>
-	-	-	-	-	-	-	25,705
14,859	-	-	-	-	2,235	6,025	23,119
-	-	-	-	-	-	-	928
-	-	904	-	8,000	-	-	18,904
<u>-</u>	<u>-</u>	<u>47</u>	<u>-</u>	<u>1,296</u>	<u>-</u>	<u>-</u>	<u>2,838</u>
<u>14,859</u>	<u>-</u>	<u>951</u>	<u>-</u>	<u>9,296</u>	<u>2,235</u>	<u>6,025</u>	<u>71,494</u>
<u>4,217</u>	<u>4,638</u>	<u>1,839</u>	<u>2,070</u>	<u>488</u>	<u>(2,175)</u>	<u>26,198</u>	<u>33,061</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>4,217</u>	<u>4,638</u>	<u>1,839</u>	<u>2,070</u>	<u>488</u>	<u>(2,175)</u>	<u>26,198</u>	<u>33,061</u>
<u>22,834</u>	<u>2,834</u>	<u>(1,011)</u>	<u>2,033</u>	<u>12,423</u>	<u>2,175</u>	<u>-</u>	<u>146,706</u>
<u>\$ 27,051</u>	<u>\$ 7,472</u>	<u>\$ 828</u>	<u>\$ 4,103</u>	<u>\$ 12,911</u>	<u>\$ -</u>	<u>\$ 26,198</u>	<u>\$ 179,767</u>



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To the Township Board  
Hope Township  
Barry County, Michigan

In planning and performing our audit of the financial statements of Hope Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Hope Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design and of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses.

The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, changes in capital assets, and to present required financial statement disclosures.

This communication is intended solely for the information and use of management, the board of trustees of Hope Township and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Hastings, Michigan  
June 22, 2007

*Walker, Fluke & Sheldon, PLC*